United Nations Convention on the Law of the Sea SPLOS/153

Meeting of States Parties

Distr.: General
28 March 2007

Original: English

Seventeenth Meeting
New York, 14 and 18-22 June 2007

Report of the external auditor for the financial period 2005-2006, with financial statements of the International Tribunal for the Law of the Sea as of 31 December 2006

Presented by the Tribunal

1. BDO Warentreuhand Aktiengesellschaft (hereinafter "the Auditor") audited the financial statements of the Tribunal for the financial period 1 January 2005 to 31 December 2006 in February 2007 and submitted its report on 16 February 2007.

2. It is noted from the report that the Auditor was of the view that the financial statements were in accordance with the Financial Regulations and Rules of the Tribunal and gave a true and fair view of the net assets, financial position and results of operations of the Tribunal. The Auditor also noted that the accounting principles were applied on a basis consistent with that of the preçeding financial period. The Auditor further stated that transactions were in accordance with the Financial Regulations and Rules of the Tribunal and legislative authority.

3. In accordance with financial regulation 12.8 (SPLOS/36), the Tribunal examined the Auditor's report on the financial statements at its twenty-third session and decided to forward it to the Meeting of States Parties.

07-28712 (E) 190407

Report of the external auditor for the financial period 2005-2006, with financial statements of the International Tribunal for the Law of the Sea as of 31 December 2006

Contents

		Page
I.	Assignment	3
II.	General statements	4
	Budget and financial performance of the Tribunal	4
III.	Nature and scope of the audit	5
IV.	Statements and explanations on the financial reporting	7
	A. Conformity of the financial reporting	7
	1. Bookkeeping and other audited evidence	7
	2. Financial statements	7
	B. True and fair view of the financial statements	7
V.	Statements on the additional audit scope	7
VI.	Rendered opinion	7

Appendices

Appendix I: Financial statements of the International Tribunal for the Law of the Sea for the period from 1 January 2005 to 31 December 2006	10
Statement of income and expenditures and changes in reserves and fund balances for the period from 1 January 2005 to 31 December 2006	10
Statement of assets, liabilities, reserves and fund balances for the period from 1 January 2005 to 31 December 2006	11
Statement of cash flows for the period from 1 January 2005 to 31 December 2006	12
Notes to the financial statements for the period from 1 January 2005 to 31 December 2006	13
Financial report of the Registrar for the period from 1 January 2005 to 31 December 2006	18
Appendix II: Expenditure report for the period from 1 January 2005 to 31 December 2006	21
Appendix III: Performance report for the grant given to the Tribunal by the Korea International Cooperation Agency	23
Appendix IV: Audit procedures and results of additional audit scope for the period from 1 January 2005 to 31 December 2006	24
Appendix V: Status of 1996-2006 contributions to the International Tribunal for the Law of the Sea	27
Appendix VI: General engagement terms for Wirtschaftsprüter and Wirtschaftsprüfungsgesellschaften, including special conditions	34

I. Assignment

During the fifteenth Meeting of States Parties to the United Nations Convention on the Law of the Sea from 16 to 24 June 2005 we were appointed as auditors of the **International Tribunal for the Law of the Sea**, Hamburg (hereinafter also referred to as "the Tribunal", for the financial period from 1 January 2005 to 31 December 2006. Accordingly the Registrar of the Tribunal assigned us to audit the financial statements, including the bookkeeping, of the Tribunal for the period from 1 January 2005 to 31 December 2006.

Within the scope we have additionally audited certain aspects of operating procedures for the financial period from 1 January 2005 to 31 December 2006 requested by the Tribunal. The additional audit scope included the following:

(a) Whether expenses incurred during this financial period are in accordance with the appropriations approved by the Meeting of States Parties;

(b) Whether expenditures incurred during this financial period have been appropriately authorized by the party designed for that purpose in the Financial Regulations and Rules of the Tribunal;

(c) Whether staff and persons being paid by the Tribunal have been recruited or engaged in the manner provided in the Staff Rules of the Tribunal and the Financial Regulations and Rules of the Tribunal;

(d) Whether goods and services have been procured in accordance with the procedures provided for in the Financial Regulations and Rules of the Tribunal;

(e) Whether goods and services that have been procured are necessary or not excessive, having regard to circumstances and the functions of the Tribunal;

(f) Whether the grant given to the Tribunal by the Korea International Cooperation Agency of the Republic of Korea (KOICA), maintained in a separate trustee account, is administered in accordance with the memorandum of understanding dated 9 March 2004.

This audit report was only prepared for purposes of documenting the audit performed vis-à-vis the Tribunal and not for purposes of third parties.

We conducted our audit work in February 2007 in the premises of the Tribunal in Hamburg. The report was accomplished in our office in Lübeck.

Our audit report was prepared in accordance with German generally accepted reporting standards applicable to the audit of financial statements (auditing standard PS 450 of the German Institute of Auditors, Düsseldorf (Institut der Wirtschaftsprüfer in Deutschland e. V. — IDW).

For the performance of the audit assignment and our responsibility, including those to third parties, the general terms of assignment for auditors and audit companies as of 1 January 2002, as well as the special conditions for the increase of liability in connection with the general terms of assignment, are applicable. These terms are set out in appendix VI. The increase of liability is not applicable if for professional performances, especially audits required by law, a lower amount of liability is determined by law. In those cases, the legally determined amount of liability is applicable.

II. General statements

Budget and financial performance of the Tribunal

The Meeting of States Parties at its fourteenth meeting (14-18 June 2004) approved the budget of the Tribunal for the financial period 1 January 2005 to 31 December 2006, amounting to €15,506,500, as set out in document SPLOS/117. The Meeting of States Parties at its fifteenth meeting (16-24 June 2005) approved a supplementary budget of €351,899 for the biennium 2005-2006 as set out in document SPLOS/133. Therefore, the total assessed contributions for the biennium 2005-2006 amounted to €15,858,399. According to the decision of the Meeting of States Parties, the approved supplementary budget should only finance, if necessary, the increase in the annual remuneration of the judges of the Tribunal.

With a view to providing the Tribunal with the necessary financial means to consider cases in 2005-2006, in particular those requiring expeditious proceedings, the Meeting of States Parties also approved an amount of €2,093,200 as case-related costs of the Tribunal. The case-related costs shall only be used in the event of cases being submitted to the Tribunal.

The statement of income, expenditures and changes in reserves and fund balances for the financial period from 1 January 2005 to 31 December 2006 shows an excess of income over expenditure of €2,605,614 (appendix I, p. 12).

Total income of €15,999,244 includes assessed contributions (€15,858,399) and other net income (€140,846). Other net income consists of interest income (€135,722), savings due to cancellation of prior-period obligations (€5,492), net losses of exchange (€12,926) resulting from fluctuations in exchange rates and miscellaneous net income (€12,558).

From the approved budget for the financial period 2005-2006 amounting to €15,506,500 (without the supplementary budget of €351,899) a total amount of €13,393,630 was spend against approved budget lines, resulting in savings of €2,112,870 (appendix II). Although the overall budget was underspent, overexpenditures were incurred in the budget lines "Annual allowances" (€543,273) and "Special allowances" (€56,160) in the appropriation section "Judges" under recurrent expenditures. These overexpenditures were due to an increase in the daily subsistence allowance fixed by the United Nations and the application of the floor/ceiling mechanism to the annual allowance and special allowance of the judges of the Tribunal according to the decisions of the fifteenth Meeting of States Parties, as set out in the documents SPLOS/132 and SPLOS/133. Any overexpenditures arising from these decisions should be first financed by transfers between appropriations sections as far as possible, then by using savings from the financial period 2002 and savings from the financial period 2004, and finally by using the supplementary budget. The Tribunal was able to finance the overexpenditures by transfers from the savings in the appropriation section "Judges" under "Case-related costs". Therefore, it was not necessary to either utilize the savings from prior periods or the supplementary budget.

The savings under recurrent expenditures were mainly achieved in the appropriation sections "Staff costs" (€288,300) and "Operating expenditures" (€169,769). Due to vacant posts during the financial period 2005-2006, expenditures

in the budget lines "Established posts" and "Common staff costs" were lower than planned in the budget.

Budget estimates included in "Case-related costs" are mainly based on the number of cases submitted to the Tribunal during the financial period. In the financial period 2005-2006 no case was submitted to the Tribunal resulting in savings in "Case-related costs" in the amount of €2,068,915. The expenses shown under "Case-related costs" (€24,285) resulted from the meeting of the Tribunal's Chamber to deal with Case No. 7 in December 2005.

The Tribunal realized positive cash flows from operating activities in the financial period 2005-2006 (€2,228,544) (appendix I, p. 12) mainly resulting from the excess of income overexpenditure for the respective period. The positive cash flows from investing and financing activities consist of interest income (€135,722). The negative cash flows from other sources (-€381,940) mainly result from the surrender of prior year savings and reserves to the States Parties. In total, cash and term deposits of the Tribunal increased by €1,982,326 to €3,916,548.

Total reserves and fund balances increased by €2,279,563 to €3,839,232 mainly due to the excess of income overexpenditure in the financial period 2005-2006. The prior period gains reserve shown under reserves and fund balances as of 31 December 2004 in the amount of €106,899 ($141,766) was surrendered and deducted from the assessed contributions of the States Parties in 2005. In addition, the sixteenth Meeting of States Parties on 23 June 2006 decided that an amount of €312,684 from the 2002 savings should be surrendered and deducted from the assessed contributions of the States Parties in the financial period 2007-2008. Therefore, the amount of €312,684 is shown as a liability as at 31 December 2006 under "Surrender of savings from prior years".

III. Nature and scope of the audit

We examined the bookkeeping and the financial statements of the Tribunal (including the statement of income and expenditures and changes in reserves and fund balances, the statement of assets, liabilities, reserves and fund balances, the statement of cash flows, the notes to the financial statements and the financial report of the Registrar).

In addition, we examined certain aspects of operating procedures including the administration of the KOICA grant, as requested by the Tribunal (we refer to section I, Assignment).

The accounting records, the preparation and presentation of the financial statements, the establishment and maintenance of an adequate internal control system according to the Financial Regulations and Rules of the Tribunal and the information given to us are the responsibility of the Registrar of the Tribunal. Our responsibility is to examine the financial statements and the underlying data and to express an opinion on them in accordance with professional standards.

We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the

financial statements in accordance with generally accepted accounting principles are detected with reasonable assurance. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Registrar of the Tribunal, as well as evaluating the overall presentation of the financial statement.

Our audit was based on the prior year's financial statements, audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, and rendered an unqualified audit opinion dated 20 May 2005. In auditing the values in the opening balance sheet, we relied especially on the audit report of the prior year's auditors. The audit of the opening balances was conducted in accordance with auditing standard PS 205 of the German Institute of Auditors.

During the course of our audit we applied risk oriented audit procedures in compliance with international Standards of Auditing.

According to those standards, we developed a risk profile for the financial statements, taking into account our assessment of inherent risks and the internal control environment related to the accounting system. We assessed the internal control structure related to the accounting system to the extent we considered necessary to evaluate the system. Within the scope of our audit planning, we gathered information on the business activity and the economic and legal environment of the Tribunal.

Considering the risk profile and the assessment of the internal control structure, we conducted substantive audit procedures. By applying substantive analytical audit procedures and other substantive audit procedures a major focus was put on:

- Cash and term deposits
- Contribution receivables from States Parties
- Contributions received in advance
- Obligations, current period
- Reserves and fund balances
- Assessed contributions
- Interest income
- Major expenditures

The audit procedures related to substantive audit procedures were conducted on a test basis. The selection of the test sample was made in accordance with auditing standards.

We received balance confirmations from all banks of the Tribunal.

The Registrar provided us with all the necessary information and supporting documentation requested. In the general representation letter, dated 16 February 2007, the Registrar assured the completeness of the information given to us as well as the completeness of the bookkeeping and financial statements.

IV. Statements and explanations on the financial reporting

A. Conformity of the financial reporting

1. Bookkeeping and other audited evidence

The bookkeeping is made in accordance with the Financial Regulations and Rules of the Tribunal. All information derived from the other audited evidence is reflected in the bookkeeping and the financial statements.

2. Financial statements

The financial statements are set out in appendix I. In our opinion, based on our audit evidence, the financial statements are established in conformity with the Financial Regulations and Rules of the Tribunal.

The statement of assets, liabilities, reserves and fund balances, the statement of income and expenditures and changes in reserves and fund balances and the statement of cash flows were correctly established based on the bookkeeping and underlying data. The notes to the financial statements include all required disclosures and explanations as well as additional requirements.

B. True and fair view of the financial statements

The financial statements present a true and fair view of the financial position and the results of operations.

Based on our examination, the accounting principles used by the Tribunal were applied on a basis consistent with that of the preceding financial report.

We point out that, consistent with the prior financial periods, expenditures are accounted for on an accrual basis except for those relating to staff entitlements and pension obligations for the judges of the Tribunal, which are accounted for on a cash basis. Therefore, no provisions are made for any future liabilities arising from staff entitlements due to repatriation, accumulated leave, compensatory time and pension to judges in the financial statements of the Tribunal. These liabilities are disclosed as contingent liabilities in the notes to the financial statements.

V. Statements on the additional audit scope

The examination of the operational procedures including the administration of the KOICA grant did not lead to any reservation. We refer to our audit procedures and explanations, which are set out in appendix IV.

VI. Rendered opinion

We have rendered the following unqualified opinion on the financial statements (set out in appendix I) of the **International Tribunal for the Law of the Sea, Hamburg**, for the financial period from 1 January 2005 to 31 December 2006, signed on 16 February 2007 in Lübeck:

"To the International Tribunal for the Law of the Sea

We have audited the financial statements (consisting of the statement of income and expenditures and changes in reserves and fund balances, statement of assets, liabilities, reserves and fund balances, notes to the financial statements, statement of cash flows and financial report of the Registrar), together with the accounting system of the International Tribunal for the Law of the Sea, Hamburg, for the period from 1 January 2005 to 31 December 2006. The maintenance of the books and records and the preparation of the financial statements pursuant to the Financial Regulations and Rules of the International Tribunal for the Law of the Sea are the responsibility of the Registrar. Our responsibility is to express an opinion on the financial statements, together with the accounting system based on our audit.

We conducted our audit of the financial statements in accordance with Section 317 HGB ("Handelsgesetzbuch": German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the Financial Regulations and Rules of the International Tribunal for the Law of the Sea are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the International Tribunal for the Law of the Sea and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the books and records and the financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Registrar, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on our audit, the financial statements are in accordance with the Financial Regulations and Rules of the International Tribunal for the Law of the Sea and give a true and fair view of the net assets, financial position and results of operations of the International Tribunal for the Law of the Sea. The accounting principles were applied on a basis consistent with that of the preceding financial period. Transactions were in accordance with the Financial Regulations and Rules of the International Tribunal for the Law of the Sea and legislative authority."

This report on the audit of the financial period from 1 January 2005 to 31 December 2006 of the International Tribunal for the Law of the Sea was issued in accordance with the legal requirements and the standards of orderly reporting on the audit of financial statements.

Lübeck, 16 February 2007

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(*Signed*) (Herbers)
Wirtschaftsprüfer

(*Signed*) (ppa. Beecker)
Wirtschaftsprüfer

Appendix I

International Tribunal for the Law of the Sea, Hamburg
Statement of income and expenditures and changes in reserves and fund balances for the period from 1 January 2005 to 31 December 2006

	Notes	*2005-2006 (In euros)*
Income		
Assessed contributions	3	15 858 399
Other income		
Interest income		135 722
Savings due to cancellation of prior period obligations		5 492
Gains and losses on exchange		(12 926)
Miscellaneous income and expenses		12 558
Total income		**15 999 244**
Expenditures	4	
Total expenditures and obligations (appendix II)		(13 393 630)
Excess of income overexpenditures		**2 605 614**
Exchange rate effect on Working Capital Fund conversion		92 032
Surrender to States Parties in 2005-2006		(106 899)
Surrender to States Parties in 2007		(312 684)
Exchange rate effect on surrender in 2007		1 500
		2 279 563
Fund balances at the beginning of financial period		1 559 669
Fund balances as at 31 December 2006		**3 839 232**

International Tribunal for the Law of the Sea, Hamburg
Statement of assets, liabilities, reserves and fund balances
for the period from 1 January 2005 to 31 December 2006

	Notes	*2005-2006 (In euros)*	*Memorandum 2004 (In euros)*[a]	*Audited financial statements 2004 (In United States dollars)*
Assets				
Cash and term deposits		3 915 548	1 934 222	2 565 281
Accounts receivable	6			
Contributions receivable from States Parties		1 852 532	1 938 368	2 570 780
Tax reimbursements due		154 116	73 479	97 452
Accounts receivable — others		181 902	263 208	349 082
Total assets		**6 105 098**	**4 209 277**	**5 582 595**
Liabilities	7			
Contributions received in advance		1 280 226	1 202 422	1 594 725
Surrender of savings from prior years		312 684	368 573	488 824
Surrender of withholdings from staff assessments		0	423 957	562 277
Obligations current period		634 186	597 537	792 489
KOICA fund		177	177	234
Staff assessment special account		38 593	56 942	75 520
Total liabilities		**2 265 866**	**2 649 608**	**3 514 069**
Reserves and fund balances	8			
Working Capital Fund		959 132	867 100	1 150 000
Reserve for 2004		65 816	377 000	500 000
Prior period gains reserve		208 670	106 899	141 776
Excess of income overexpenditure		2 605 614	208 670	276 750
Total reserves and fund balances		**3 839 232**	**1 559 669**	**2 068 526**
Total liabilities, reserves and fund balances		**6 105 098**	**4 209 277**	**5 582 595**

[a] For comparative purposes, the United States dollar amounts from the 2004 audited financial statements have been converted into euros at the 2004 year-end exchange rate of €1.00=$0.754.

International Tribunal for the Law of the Sea, Hamburg
Statement of cash flows for the period from 1 January 2005 to 31 December 2006

	(In euros)
Cash flows from operating activities:	
Net excess (shortfall) of income overexpenditure	2 605 614
(Increase) decrease in contributions receivable	85 836
(Increase) decrease in tax reimbursements due	(80 637)
(Increase) decrease in other accounts receivable	81 306
Increase (decrease) in contributions received in advance	77 804
Increase (decrease) in surrender of withholdings from staff assessments	(423 957)
Increase (decrease) in obligations current period	36 649
Increase (decrease) in Korea Fund	—
Increase (decrease) in staff assessment special account	(18 349)
Less: interest income	(135 722)
Net cash from operating activities	**2 228 544**
Cash flows from investing and financing activities:	
Plus: interest income	135 722
Net cash from investing and financing activities	**135 722**
Cash flows from other sources:	
Increase (decrease) in working capital fund	92 032
Increase (decrease) in prior period gains reserve	(106 899)
Increase (decrease) in reserve for 2004	(311 184)
Increase (decrease) in surrender of savings from prior years	(55 889)
Net cash from other sources	**(381 940)**
Net increase (decrease) in cash and term deposits	**1 982 325**
Cash and term deposits at beginning of period	**1 934 222**
Cash and term deposits at end of period	**3 916 548**

International Tribunal for the Law of the Sea, Hamburg

Notes on the financial statements for the period from 1 January 2005 to 31 December 2006

Note 1
Statement of the objectives and activities of the Tribunal

The International Tribunal for the Law of the Sea (ITLOS) is an international judicial body established by the United Nations Convention on the Law of the Sea ("the Convention") to adjudicate disputes arising out of the interpretation or application of the Convention. It began its activities in 1996. The Tribunal is open to States Parties to the Convention and, in certain cases, to entities other than States Parties (such as international organizations and natural or juridical persons). The jurisdiction of the Tribunal comprises all disputes submitted to it in accordance with the Convention. It also extends to all matters specifically provided for in any other agreement which confers jurisdiction upon the Tribunal. The Tribunal is composed of 21 independent members elected by the States Parties to the Convention.

Note 2
Summary of significant accounting policies

On 12 June 2003, the thirteenth Meeting of States Parties adopted the Financial Regulations of the Tribunal and decided that they should become effective on 1 January 2004 and apply to the financial period 2005-2006 and subsequent financial periods (SPLOS/100). Pursuant to financial regulation 10.1 (a), the Tribunal adopted its Financial Rules in 2004. The Meeting of States Parties took note of the Financial Rules at its fourteenth Meeting. The Financial Rules became effective on 1 January 2005.

It may be noted that, due to a change in the financial period from a one-year period to a two-year period and a change in the reporting currency from the United States dollar to the euro, the statement of income and expenditures and changes in reserves and fund balances shows the current period only.

Financial period

Pursuant to financial regulation 2, the financial period, which is the subject of this report, is for the two-year period from 1 January 2005 to 31 December 2006.

Currency of accounts

Pursuant to financial regulation 11.2, the presentation currency is the euro. The accounting records are also maintained in euro.

Foreign currency transactions

Transactions in currencies other than the euro are converted to the euro using the United Nations operational rates of exchange except for assessed contributions paid in United States dollars. For the conversion of paid contributions from United States dollar into euro, the most favourable rate of exchange available to the Tribunal on the date of the payment is used, in accordance with financial rule 105.2.

The differences in exchange rates between the dates of recording the transactions and when actual transactions are settled are recorded in the statement of income and expenditures and changes in reserves and fund balances as gains or losses on exchange.

Assets and liabilities in currencies other than the euro are revalued at the end of the financial period at the prevailing United Nations operational rates of exchange. The revaluation amounts are recorded in the statement of income and expenditures and changes in reserves and fund balances as gains or losses on exchange.

Income

Income consists of assessed contributions from the States Parties. Contributions for the two-year financial period are assessed 50 per cent in year one and 50 per cent in year two. All other income received by the Tribunal is classified as miscellaneous income and is included as general resources (see note 3).

Expenditures

All the expenditures of the Tribunal are recorded against allocated lines of budgetary appropriation. In the financial period 2005-2006, the Tribunal was able to finance the overexpenditure in section 1, "Judges" by transfers between appropriation sections, in accordance with the decisions taken by the fifteenth Meeting of States Parties (SPLOS/132 and SPLOS/133) (see note 4).

Expenditures of the Tribunal are accounted for on an accrual basis, except for those relating to staff entitlements, which are accounted for on the basis of cash disbursements. No provision is made for any future liabilities arising from staff entitlements due to repatriation, accumulated annual leave and compensatory time (see note 5).

Assets and liabilities

All funds received are deposited into the Tribunal's bank accounts, including those under special account arrangements, and reflected as cash holdings. Non-expendable equipment (especially computer hardware and software) is not included in the assets but is charged against the current appropriations when acquired. A separate listing of non-expendable equipment is maintained for control purposes. Assets are valued at nominal value. Liabilities are valued at the repayment amount.

Working Capital Fund

The eighth Meeting of States Parties, in 1998, authorized the establishment of a working capital fund to ensure continuity of operation in the event of temporary shortfalls in funds and to provide the Tribunal with the necessary financial means to consider cases, in particular those involving urgent proceedings.

For the purposes of the Tribunal, an amount of approximately 8 per cent of its annual budget (4 per cent of its biennial budget) is considered appropriate, in line with United Nations practice. The current amount available to the Tribunal is €542,118, which was converted from $650,000 in November 2005, in accordance with the Financial Regulations of the Tribunal.

The current level of €542,118 represents 3.15 per cent of the approved budget of the Tribunal for 2007-2008. An adequate level in the Working Capital Fund would be €688,588 (4 per cent of the biennial budget). To minimize increases in the 2007-2008 budget, it was not proposed to increase the Working Capital Fund in 2006.

In addition to the $650,000 referred to above, the twelfth Meeting of States Parties in 2002 approved, on an exceptional basis, the appropriation of $500,000 (being part of the savings from the financial period 2001) to the Working Capital Fund of the Tribunal, in order to provide the Tribunal with the necessary financial means, in the event of temporary shortfalls in funds, to consider cases where the expenditure could not be met from case-related costs or from the transfer of funds between appropriation sections (SPLOS/L.28). This amount was converted into €417,014 in November 2005 in accordance with the Financial Regulations of the Tribunal.

The Working Capital Fund currently stands at €959,132.

Note 3
Income

The Tribunal's income in the financial period 2005-2006 totalled €15,999,244.

Income includes contributions of 152 States Parties (including the European Community) totalling €15,858,399 and other net income from different sources, including €351,899 for the 2005-2006 supplementary budget of the Tribunal as decided by the Meeting of States Parties in June 2005 (SPLOS/133).

Total income also includes:

(a) Interest income of €135,722 earned on deposit accounts;

(b) Savings due to the cancellation of prior period obligations in the amount of €5,492;

(c) Net loss of €12,926 from gains and losses on exchange resulting from foreign currency translations and revaluations of foreign currency account balances;

(d) Net miscellaneous income of €12,558, which includes reimbursement of taxes and refunds from the water and electricity suppliers.

Note 4
Expenditures

The budget for the financial period 2005-2006 was approved by the Meeting of States Parties in June 2004 (SPLOS/117). Budget estimates were based on the United States dollar to euro exchange rate of $1.00 to €0.804 in March 2004. By the end of the financial period, the exchange rate was $1.00 to €0.754. This represents an increase of 6.6 per cent in the value of the euro against the United States dollar. However, this had no significant impact on the expenditure of the Tribunal.

The fifteenth Meeting of States Parties approved a supplementary budget of €351,899 in June 2005 in order to finance, if necessary, the adjusted maximum annual remuneration of members of the Tribunal, the increase in the daily subsistence allowance fixed by the United Nations in the budget line "Special allowance of judges" and the application of the floor/ceiling mechanism to the

annual allowance and the special allowance of members of the Tribunal. Any overexpenditure arising from these decisions should be first financed by transfers between appropriation sections as far as possible, then by using savings from the financial period 2002 (€378,500) and savings from the financial period 2004 (up to an amount of €150,000), and finally by the supplementary budget (SPLOS/132 and SPLOS/133).

The expenditures for the financial period 2005-2006 totalled €13,393,630. Although the overall budget was underspent, there was an overexpenditure in the amount of €438,494 in section 1, "Judges", due to the increase that resulted from the application of the above-mentioned decisions (SPLOS/132 and SPLOS/133). In order to finance the overexpenditure it was not necessary to either utilize the savings of previous years or the supplementary budget and, in accordance with the decisions of the Meeting of States Parties, the Tribunal was able to finance the overexpenditures by a transfer between appropriation sections. Consequently, the amount of €438,494 has been financed by a transfer from the savings in the section "Judges", under "Case-related costs".

Note 5
Contingent liability

A net contingent liability for staff benefits at 31 December 2006 amounting to €367,529 consists of the following:

Contingent liability	*Amount (in euros)*
Accumulated annual leave	196 785
Compensatory time	1 979
Entitlement due to repatriation	168 765
Total	**367 529**

All contingent expenditures will be charged against the budget appropriations in the period when actual payments are made. A record of all commitments for future periods, which shall constitute the first changes against relevant appropriations once these are approved by the Meeting of States Parties, is maintained in the financial statements. In accordance with the Staff Regulations and Rules of the Tribunal the contingent liability reflected above is based on net remuneration.

In addition to the above contingent liabilities there is a liability for pension plan costs for the elected members of the Tribunal. However, these expenditures are charged against the budget appropriations in the period when actual payments are made.

Note 6
Accounts receivable

Contributions receivable from States Parties as at 31 December 2006 total €1,852,532, as detailed below. The amount of more than one year overdue totals €982,963. The amount overdue from assessed contributions for the financial period 2005-2006 totals €869,569.

Year of assessment	*Amount (in euros)*
1996/97	36 142
1998	22 728
1999	25 056
2000	42 700
2001	189 912
2002	237 002
2003	204 850
2004	224 573
2005	344 362
2006	525 207
Total	**1 852 532**

"Tax reimbursements" due represent mainly refunds of value added tax.

"Accounts receivable — others" include amounts due mainly from staff, the United Nations and the German authorities (Premises Agreement) and various other smaller amounts.

Note 7
Liabilities

The liabilities of the Tribunal as at 31 December 2006 include:

(a) Contributions received in advance from States Parties for the budget period 2007-2008 (€1,280,226);

(b) Obligations from the 2002 savings which were surrendered in 2006 and deducted from the contributions of the States Parties to the 2007-2008 budget (€312,684);

(c) Obligations arising from goods and services procured in the financial period 2005-2006 (€634,186);

(d) Staff assessment special account maintained for reimbursement of national taxes (€38,593).

Note 8
Funds and reserves

The Working Capital Fund currently stands at €959,132. This corresponds to the equivalent amount in euros envisaged in the decision of the eleventh Meeting of States Parties (SPLOS/70). As reported to the Meeting of States Parties in

June 2006, this sum was converted from $1,150,000 to €959,132 on 8 November 2005 at the rate of $0.829.

The reserve for 2004 represents the balance of the initial 2002 excess income allocated to the 2004 budget. As decided by the Meeting of States Parties in 2006, an amount of €312.684 from the 2002 savings will be surrendered to the States Parties in 2007 as a reduction of their 2007-2008 assessed contribution (SPLOS/146). When this decision was taken, the surrender amount was calculated using a different exchange rate resulting in a €1,500 exchange loss which is included in exchange gains and losses in the statement of income and expenditures and changes in reserves and fund balances for 2005-2006.

The prior period gains and reserves represent the excess income over expenditures from the prior financial period 2004. The prior period gains reserve (savings from the 2003 budget) of €106,899 was surrendered and deducted from the assessed contributions of the States Parties in 2005.

International Tribunal for the Law of the Sea, Hamburg

Financial report of the Registrar for the period from 1 January 2005 to 31 December 2006

Introduction

1. The Registrar of the International Tribunal for the Law of the Sea submits herewith the financial report for the financial period 1 January 2005 to 31 December 2006, these being the ninth financial period and the ninth financial report.

2. The financial report includes the statement of income and expenditures and changes in reserves and fund balances for the period from 1 January 2005 to 31 December 2006 (appendix I, p. 10); the statement of assets, liabilities, reserves and fund balances as of 31 December 2006 (appendix I, p. 11); the statement of cash flows for the biennium 2005-2006 (appendix I, p. 12); the expenditure report or the period 2005-2006 (appendix II); and the status of contributions for the period 1996-2006 to the International Tribunal for the Law of the Sea (appendix V). The appendices are provided in order to facilitate the review of the report by States Parties. The statements are in compliance with the Tribunal's Financial Regulations and Rules and are in line with formats agreed for the harmonization of the accounts of agencies and organizations in the United Nations Common System. The financial report provides the financial results of the Tribunal's activities in 2005 and 2006. Elements of particular importance are summarized in the paragraphs below.

3. The cash balance of €3,916,548 as at 31 December 2006 represents an increase compared with the 2004 year-end cash balance, which stood at $2,565,281 (€1,934,222). This result was due mainly to an increase in the collection of contributions from States Parties and the savings from the financial period.

Income

4. Income in the financial period 2005-2006 included assessed contributions amounting to €15,858,399 from 152 States Parties (including the European Community). Of the total amount of contributions for the financial period

2005-2006, €869,569 was outstanding as at 31 December 2006. The balance of unpaid contributions with respect to the overall budget of the Tribunal (1996/97 to 2005-2006) amounted to €1,852,532 on that date. In addition, other net income from various sources, such as interest income and the cancellation of prior period obligations after adjustments for exchange rate differences and miscellaneous losses, totalled €140,846.

Of the total income from contributions of States Parties for the financial period 2005-2006, an amount of €869,569 was outstanding at the end of this period. With regard to the previous budgets of the Tribunal, amounts of €36,142 for 1996/97, €22,728 for 1998, €25,056 for 1999, €42,700 for 2000, €189,912 for 2001, €237,002 for 2002, €204,850 for 2003 and €224,573 for 2004 were still outstanding. The balance of unpaid contributions with respect to the overall budgets of the Tribunal (1996/97 to 2005-2006) therefore amounts to €1,852,532. No provision for doubtful accounts receivable for the overdue balances is envisaged under the Tribunal's Financial Regulations and Rules.

Expenditures

5. The expenditures of the Tribunal for the financial period 2005-2006 totalled €13,393,630. Owing mainly to the adjusted maximum annual remuneration of judges and the application of the floor/ceiling mechanism, there was an overexpenditure in section 1, "Judges"; however, in accordance with the decision of the Meeting of States Parties (SPLOS/132), a transfer between appropriations was possible as a result of savings under "Case-related costs". The optimum use of resources in other budget lines and the fact that no new cases were submitted during the financial period concerned also contributed to the approved budget for the period (€15,506,500) being underspent. It may be noted that an amount of €24,285 was spent under "Case-related costs" in relation to the meeting of the Tribunal's Chamber constituted to deal with Case No. 7 in December 2005.

Consequently the supplementary budget for 2005-2006 approved by the Meeting of States Parties and the savings from the financial periods 2002 and 2004 as envisaged in SPLOS/132 and SPLOS/133 were not utilized.

Special accounts

6. In accordance with the decision of the Meeting of States Parties (SPLOS/98), the staff assessment accumulated in the special account as at 31 December 2003 was surrendered and deducted from the contributions of the States Parties to the 2005 budget. An amount of €38,593 was set aside to reimburse members and officials of the Tribunal for national taxes charged in respect of remuneration paid by the Tribunal in 2004.

7. In accordance with the decision of the Meeting of States Parties (SPLOS/146), an amount of €312,684 from the 2002 savings corresponding to the additional appropriations for 2005 will be surrendered and deducted from the assessed contributions of the States Parties for 2007 in accordance with regulation 4.5 of the Financial Regulations of the Tribunal.

8. As reported to the fourteenth Meeting of States Parties (SPLOS/119), following the signing of a memorandum of understanding between the Tribunal and the Korea International Cooperation Agency (KOICA) on 9 March 2004, a trust

fund, known as the KOICA grant, was set up to support the Tribunal's internship programme and provide financial assistance for interns from developing countries. The grant was initially funded in the sum of $150,000. The Tribunal received a further contribution amounting to $100,000 from KOICA in March 2006. The total sum of the grant has been converted into €205,000 and, as at 31 December 2006, the balance stood at €57,202. The audited financial statement for the trust fund will be circulated at the Meeting of States Parties in June 2007.

9. As reported to the sixteenth Meeting of States Parties (SPLOS/148), the Tribunal had planned a series of regional workshops, organized jointly with the International Foundation for the Law of the Sea. The first of these workshops was held in Dakar, from 31 October to 2 November 2006. The sum of €36,881 was withdrawn from the KOICA grant to provide funding for the workshop.

Institutional arrangements

10. The financial records of the Tribunal were maintained in the network version of the Sun computerized accounting system.

(*Signed*) Philippe **Gautier**
Registrar

Appendix II

International Tribunal for the Law of the Sea, Hamburg

Expenditure report for the period from 1 January 2005 to 31 December 2006

(In euros)

	Part Section	Objects of expenditure	2005-2006 approved budget	2005-2006 total expenditure (as at 31/12/2006)	Balance	Total expenditure/ approved budget (percentage)	
1	I	**Recurrent expenditure**					1
2	1	**Judges**	**3 462 300**	**3 900 794**	**(438 494)**		2
3		Annual allowances	1 996 600	2 539 873	(543 273)	127.21	3
4		Special allowances	620 600	676 760	(56 160)	109.05	4
5		Travel to session	246 300	238 271	8 029	96.74	5
6		Judges' pension scheme	479 300	355 363	123 937	74.14	6
7		Common costs	119 500	90 527	28 973	75.76	7
8	2	**Staff costs**	**6 632 700**	**6 344 400**	**288 300**		8
9		Established posts	4 358 000	4 205 062	152 938	96.49	9
10		Common staff costs	1 792 900	1 724 489	68 411	96.18	10
11		Reimbursement of national taxes	30 000	30 000	3	100.00	11
12		Overtime	39 000	36 753	2 247	94.24	12
13		Temporary assistance for meetings	213 400	184 875	28 525	86.63	13
14		General temporary assistance	133 100	117 399	15 701	88.20	14
15		Training	66 300	45 822	20 478	69.11	15
16	3	**Representation allowance**	**12 200**	**12 188**	**12**	99.90	16
17	4	**Official travel**	**172 200**	**169 348**	**2 852**	98.34	17
18	5	**Hospitality**	**13 200**	**12 929**	**271**	97.95	18
19	6	**Operating expenditures**	**2 653 700**	**2 483 931**	**169 769**		19
20		Maintenance of premises (including security)	1 953 000	1 905 245	47 755	97.55	20
21		Rental and maintenance of equipment	332 600	307 601	24 999	92.48	21
22		Communications	182 700	144 827	37 873	79.27	22
23		Miscellaneous services and charges (including bank charges)	37 900	29 779	8 121	78.57	23
24		Supplies and materials	114 700	89 479	25 221	78.01	24
25		Special services (external audit)	32 800	7 000	25 800	21.34	25
26	7	**Library and related costs**	**317 000**	**301 325**	**15 675**	95.06	26
27		Library, procurement of books and publications	227 400	212 271	15 129	93.35	27
28		External printing and binding	89 600	89 054	546	99.39	28
29							29

	Part / Section	Objects of expenditure	2005-2006 approved budget	2005-2006 total expenditure (as at 31/12/2006)	Balance	Total expenditure/ approved budget (percentage)	
30	II	**Non-recurrent expenditure**					30
31	8	Furniture and equipment					31
32		Purchase of equipment	**150 000**	**144 429**	**5 571**	96.29	32
33							33
34	III	**Case-related costs**	**2 093 200**	**24 285**		1.16	34
35	9	**Judges**	**1 555 000**	**19 669**	**1 535 331**	1.26	35
36		Special allowances	1 222 600	9 840	1 212 760	0.80	36
37		Compensation to judges ad hoc	72 900	0	72 900	0.00	37
38		Travel to meetings, including judges ad hoc	259 500	9 829	249 671	3.79	38
39	10	**Staff costs**	**538 200**	**4 616**	**533 584**	0.86	39
40		Temporary assistance for meetings	493 200	4 616	488 584	0.94	40
41		Overtime	45 000	0	45 000	0.00	41
42	11	**Miscellaneous**	**0**	**0**	**0**		42
43							43
44	IV	**Working Capital Fund**	**0**	**0**	**0**		44
45							45
46	**IV**	**Total**	**15 506 500**	**13 393 630**	**2 112 870**	**86.37**	46

Appendix III

Performance report for the grant given to the Tribunal by the Korea International Cooperation Agency

(In euros)

KOICA Grant opening balance ($150,000 at €0.804)	120 600.00
Gain on exchange (Deutsche Bank rate of exchange 0.820)	2 431.5[illegible]
Contribution on 28 March 2006 ($100,000 at €0.844)	84 400.00
Loss on exchange (Deutsche Bank rate of exchange 0.824)	(2 027.06)
Total	**205 404.44**
Disbursements	
Internship programme	
Travel of participants	38 354.93
Subsistence allowance of participants	61 010.62
Miscellaneous charges (including travel of J. Park and D.-y. Kim)	7 235.90
Bank charges	949.61
	107 551.06
Workshops, Dakar	
Travel	10 775.22
Accommodation	18 269.26
Temporary assistance	4 352.82
Communication	2 634.10
Subsistence allowance	850.00
	36 881.40
Expenses to be recovered	2 789.54
Income	
Interest income	(729.92)
Bank balance as of 31 December 2006	**58 912.36**
Accounts receivables	2 789.54
Obligations	4 500.00
Available balance	**57 202.08**
Term deposit	0.00
Balance	**57 202.08**

Appendix IV

International Tribunal for the Law of the Sea, Hamburg

Audit procedures and results of additional audit scope for the period from 1 January 2005 to 31 December 2006

According to the assignment, we have audited the following aspects of operating procedures in addition to our audit of the financial statements for the financial period from 1 January 2005 to 31 December 2006:

(a) Whether the expenses incurred are in accordance with the appropriations approved by the Meeting of States Parties;

(b) Whether expenditures incurred have been appropriately authorized by the party designed for that purpose in the Financial Regulations and Rules of the Tribunal;

(c) Whether staff and persons being paid by the Tribunal have been recruited or engaged in the manner provided in the Staff Regulations and Rules of the Tribunal;

(d) Whether goods and services have been procured in accordance with the procedures provided for in the Financial Regulations and Rules of the Tribunal;

(e) Whether goods and services that have been procured are necessary or not excessive, with regard to circumstances and the functions of the Tribunal;

(f) Whether the grant given to the Tribunal by the Korea International Cooperation Agency of the Republic of Korea (KOICA) and maintained in a separate trustee account is administered in accordance with the memorandum of understanding dated 9 March 2004.

As part of our audit of the financial statements, the following additional procedures have been performed by us:

1. Approval of expenses

As instructed, we have audited whether the expenses incurred during the financial period 2005-2006 are in accordance with the appropriations approved by the Meeting of States Parties.

From the approved budget for the financial period 2005-2006 amounting to €15,858,399, a total amount of €13,393,630 was spent against approved budget lines, resulting in savings of €2,112,870. Significant overexpenditures have been noted only in the budget lines "Annual allowances" (€543,273) and "Special allowances" (€56,160). These overexpenditures were due to an increase in the daily subsistence allowance fixed by the United Nations and the application of the floor/ceiling mechanism to the annual allowance and special allowance of the judges of the Tribunal according to the decisions of the fifteenth Meeting of States Parties, as set out in the documents SPLOS/132 and SPLOS/133.

The Tribunal has achieved the approved budgets in all material respects and therefore was authorized to finance the overexpenditures by transfers of savings from other budget lines.

2. Authorization of expenditures

We have audited the procedures for the authorization of expenditures as outlined in the Financial Regulations and Rules of the Tribunal and tested on a sample basis if these procedures have been strictly followed by the Tribunal in all material respects.

As a result of the work done, no significant matter came to our attention. In our opinion, the procedures for the authorization of expenditures were carried out in accordance with the Financial Regulations and Rules of the Tribunal.

3. Procedures for recruiting/engaging staff

We have audited if the procedures for recruiting and engaging staff are in line with the Staff Rules of the Tribunal and selected for testing the recruitment procedures three out of eight employees engaged in the period 2005-2006.

As a result of the work done, no discrepancies came to our attention. The Tribunal has carried out the procedures for recruiting and engaging staff in accordance with the Staff Rules of the Tribunal.

4. Procedures for procurement of goods and services

We have audited if the procedures followed by the Tribunal in the order process were in line with the Financial Regulations and Rules of the Tribunal (i.e. include request of bids or tenders, fair analysis of tenders, written contracts, etc.) and tested on a sample basis that these procedures have been followed in all material respects by the Tribunal.

As a result of the work done, no matters came to our attention. In our opinion, the procedures for procurement of goods and services were carried out in accordance with the Financial Regulations and Rules of the Tribunal.

5. Examination whether goods and services procured are necessary or not excessive, with regard to circumstances and the functions of the Tribunal

We have audited, if (a) the expenditures reported for the fiscal year have been properly included in the statement of income and expenditures and have been charged to the appropriate budget line and (b) the goods and services procured were necessary or not excessive with regard to circumstances and the functions of the Tribunal.

The overexpenditures in the financial period could be reasonably explained and were compensated by savings under other budget lines. The equipment acquired during the financial period 2005-2006 is duly registered in the inventory list and is being used as required by the circumstances and the functions of the Tribunal.

6. Examination regarding the grant given by the Korea International Cooperation Agency

We have audited whether the grant given to the Tribunal by KOICA, maintained in a separate trustee account, was administered in accordance with the memorandum of understanding dated 9 March 2004.

On 28 March 2006, KOICA contributed an additional amount of $100,000 to the fund.

With a letter dated 7 April 2006, KOICA agreed to the request of the Tribunal to use the funds up to an amount of €45,000.00 to finance a series of workshops in Dakar in the field of the law of the sea in different regions and subregions in the developing world in cooperation with the International Foundation for the Law of the Sea.

As a result of the work done, no significant matter came to our attention. In our opinion, the administration of the grant given by KOICA is in accordance with the memorandum of understanding dated 9 March 2004.

Appendix V

Status of 1996-2006 contributions to the International Tribunal for the Law of the Sea[a]

(In euros)

31 December 2006

States Parties	2006 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous years (1996-2004)	Last year 2005	Current year 2006	Total		Previous years (1996-2004)	Last year (2005)	Current year[b] (2006)	Total outstanding
Albania	0.0100	860	689	797	2 346	0	860	689	797	2 346
Algeria	0.1070	55 300	7 466	8 485	71 251	78 211	0	0	-6 960	-6 960
Angola	0.0100	5 263	689	792	6 744	7 506	0	0	-762	-762
Antigua and Barbuda	0.0100	3 607	689	792	5 088	0	3 607	689	792	5 088
Argentina	1.3458	568 999	91 964	106 341	767 304	472 103	96 896	91 964	106 341	295 201
Armenia	0.0100	1 120	689	792	2 601	2 617	0	0	-16	-16
Australia	2.2411	902 503	154 725	177 517	1 234 745	1 418 822	0	0	-184 077	-184 077
Austria	1.2092	548 982	82 747	95 681	727 410	732 744	0	0	-5 334	-5 334
Bahamas	0.0183	8 560	1 278	1 452	11 290	8 574	479	785	1 452	2 716
Bahrain	0.0422	10 504	3 053	3 364	16 921	16 922	0	0	-1	-1
Bangladesh	0.0141	2 568	975	1 116	4 659	4 659	0	0	-0	-0
Barbados	0.0141	5 065	985	1 117	7 167	6 023	0	27	1 117	1 144
Belarus	0.0253	0	0	995	995	0	0	0	995	995
Belgium	1.5049	514 895	103 503	119 145	737 543	743 973	0	0	-6 430	-6 430
Belize	0.0100	3 472	689	792	4 953	4 953	0	0	0	0
Benin	0.0100	2 964	689	792	4 445	3 139	0	514	792	1 306
Bolivia	0.0127	4 613	888	1 005	6 506	1 879	2 734	888	1 005	4 627
Bosnia and Herzegovina	0.0100	4 083	689	792	5 564	5 564	0	0	0	0
Botswana	0.0169	5 876	1 191	1 342	8 409	5 906	584	577	1 342	2 503
Brazil	2.1440	1 045 350	140 863	169 045	1 355 258	474 004	571 346	140 863	169 045	881 254
Brunei Darussalam	0.0479	14 346	3 325	3 794	21 465	25 406	0	0	-3 941	-3 941

States Parties	2006 scale of assessments (percentage)	Contributions assessed: Previous years (1996-2004)	Last year 2005	Current year 2006	Total	Collections	Contributions outstanding: Previous years (1996-2004)	Last year (2005)	Current year[b] (2006)	Total outstanding
Bulgaria	0.0239	15 020	1 700	1 902	18 622	16 991	0	0	1 631	1 631
Burkina Faso	0.0100	0	768	803	1 571	0	0	768	803	1 571
Cameroon	0.0113	8 605	769	891	8 265	7 341	0	33	891	924
Canada	3.9599	255 585	276 792	317 046	849 423	842 704	0	0	6 719	6 719
Cape Verde	0.0100	3 541	689	792	5 022	2 565	976	689	792	2 457
Chile	0.3139	83 271	21 995	24 929	130 195	95 182	0	10 084	24 929	35 013
China	2.8900	674 690	205 604	229 767	1 110 061	1 110 118	0	0	-57	-57
Comoros	0.0100	3 472	689	792	4 953	0	3 472	689	792	4 953
Congo	0.0100	4 431	689	792	5 912	0	4 431	689	792	5 912
Cook Islands[c]	0.0100	3 472	689	792	4 953	3 467	5	689	792	1 486
Costa Rica	0.0422	9 860	3 031	3 361	16 252	13 425	0	0	2 827	2 827
Côte d'Ivoire	0.0141	5 552	985	1 117	7 654	0	5 552	985	1 117	7 654
Croatia	0.0521	26 280	3 585	4 124	33 989	38 262	0	0	-4 273	-4 273
Cuba	0.0605	18 557	4 330	4 816	27 703	29 178	0	0	-1 475	-1 475
Cyprus	0.0549	20 532	3 812	4 352	28 696	20 543	0	3 801	4 352	8 153
Czech Republic	0.2576	96 686	17 799	20 430	134 915	156 073	0	0	-21 158	-21 158
Denmark	1.0107	15 233	77 661	81 159	174 053	175 749	0	0	-1 696	-1 696
Djibouti	0.0100	3 472	689	792	4 953	4 183	0	0	770	770
Dominica	0.0100	3 472	689	792	4 953	2 095	1 377	689	792	2 858
Egypt	0.1689	42 791	12 113	13 444	68 348	6 956	35 835	12 113	13 444	61 392
Equatorial Guinea	0.0100	2 942	689	792	4 423	0	2 942	689	792	4 423
Estonia	0.0169	0	649	1 342	1 991	3 433	0	0	-1 442	-1 442
European Community[d]	n.a.	346 960	67 240	77 344	491 544	491 544	0	0	0	0
Fiji	0.0100	3 880	689	792	5 361	3 880	0	689	792	1 481
Finland	0.7503	320 235	52 047	59 467	431 749	436 159	0	0	-4 410	-4 410
France	8.4886	3 819 084	582 801	671 926	5 073 811	5 769 782	0	0	-695 971	-695 971
Gabon	0.0127	7 655	824	997	9 476	1 785	5 870	824	997	7 691

States Parties	2006 scale of assessments (percentage)	Contributions assessed: Previous years (1996-2004)	Last year 2005	Current year 2006	Total	Collections	Contributions outstanding: Previous years (1996-2004)	Last year (2005)	Current year[b] (2006)	Total outstanding
Gambia	0.0100	3 472	689	792	4 953	364	3 108	689	792	4 589
Georgia	0.0100	16 375	689	792	17 856	17 618	0	0	238	238
Germany	12.1937	5 699 263	832 021	964 492	7 495 776	7 548 038	0	0	-52 262	-52 262
Ghana	0.0100	4 367	689	792	5 848	5 830	0	0	18	18
Greece	0.7461	250 588	51 540	59 102	361 230	362 430	0	0	-1 200	-1 200
Grenada	0.0100	3 472	689	792	4 953	4 922	0	0	31	31
Guatemala	0.0422	12 194	2 956	3 351	18 501	18 388	0	0	113	113
Guinea	0.0100	3 745	689	792	5 226	0	3 745	689	792	5 226
Guinea-Bissau	0.0100	3 472	689	792	4 953	0	3 472	689	792	4 953
Guyana	0.0100	3 472	689	792	4 953	5 414	0	0	-461	-461
Haiti	0.0100	3 607	689	792	5 088	3 981	0	316	791	1 107
Honduras	0.0100	3 812	689	792	5 293	8 201	0	0	-2 908	-2 908
Hungary	0.1774	26 084	12 340	14 063	52 487	52 912	0	0	-425	-425
Iceland	0.0479	18 858	3 325	3 794	25 977	29 918	0	0	-3 941	-3 941
India	0.5927	186 249	41 873	47 077	275 199	198 551	0	29 571	47 077	76 647
Indonesia	0.1999	108 211	13 215	15 753	137 179	85 881	35 545	0	15 753	51 298
Iraq	0.0225	51 017	469	1 657	53 143	0	51 017	469	1 657	53 143
Ireland	0.4927	145 902	34 696	39 121	219 719	260 474	0	0	-40 755	-40 755
Italy	6.8767	3 098 500	473 999	544 598	4 117 097	4 152 042	0	0	-34 945	-34 945
Jamaica	0.0113	4 154	787	893	5 834	5 733	0	0	101	101
Japan	22.0000	10 178 256	1 496 672	1 739 424	13 414 352	13 414 352	0	0	-0	-0
Jordan	0.0155	4 467	1 104	1 231	6 802	6 858	0	0	-56	-56
Kenya	0.0127	4 546	888	1 005	6 439	2 355	2 191	888	1 005	4 084
Kiribati	0.0100	1 120	689	792	2 601	1 055	65	689	792	1 546
Kuwait	0.2281	86 274	15 945	18 092	120 311	140 956	0	0	-20 645	-20 645
Lao People's Democratic Republic	0.0100	2 700	689	792	4 181	4 177	0	1	3	4
Latvia	0.0211	0	1 622	1 695	3 317	3 318	0	0	-1	-1

States Parties	2006 scale of assessments (percentage)	Contributions assessed				Collections	Contributions outstanding			
		Previous years (1996-2004)	Last year 2005	Current year 2006	Total		Previous years (1996-2004)	Last year (2005)	Current year[b] (2006)	Total outstanding
Lebanon	0.0338	8 062	2 468	2 695	13 225	8 169	0	2 361	2 695	5 056
Lithuania	0.0338	1 696	2 414	2 707	6 817	6 852	0	0	-35	-35
Luxembourg	0.1084	23 766	7 473	8 585	39 824	7 799	15 967	7 473	8 585	32 025
Madagascar	0.0100	1 813	689	792	3 294	5 116	0	0	-1 822	-1 822
Malaysia	0.2858	113 004	19 433	22 594	155 031	156 457	0	0	-1 426	-1 426
Maldives	0.0100	2 170	689	792	3 651	1 712	458	689	792	1 939
Mali	0.0100	3 671	689	792	5 152	5 156	0	0	-4	-4
Malta	0.0197	8 134	1 354	1 560	11 048	11 464	0	0	-416	-416
Marshall Islands	0.0100	3 472	689	792	4 953	4 184	0	0	770	770
Mauritania	0.0100	3 472	689	792	4 953	4 713	0	0	240	240
Mauritius	0.0155	5 787	1 072	1 227	8 086	9 360	0	0	-1 274	-1 274
Mexico	2.6507	584 816	192 008	211 219	988 043	983 281	0	0	4 762	4 762
Micronesia (Federated States of)	0.0100	3 472	689	792	4 953	4 304	0	0	649	649
Monaco	0.0100	3 814	689	792	5 295	5 295	0	0	0	0
Mongolia	0.0100	3 607	689	792	5 088	5 088	0	0	0	0
Montenegro	0.0100	0	0	196	196	0	0	0	196	196
Mozambique	0.0100	3 274	689	792	4 755	4 724	0	0	31	31
Myanmar	0.0141	5 346	975	1 116	7 437	4 859	487	975	1 116	2 578
Namibia	0.0100	4 367	689	792	5 848	5 848	0	0	0	0
Nauru	0.0100	3 472	689	792	4 953	385	3 087	689	792	4 568
Nepal	0.0100	2 921	689	792	4 402	4 402	0	0	0	0
Netherlands	2.3790	978 754	164 138	188 429	1 331 321	1 334 373	0	0	-3 052	-3 052
New Zealand	0.3111	135 766	21 316	24 620	181 702	207 194	0	0	-25 492	-25 492
Nicaragua	0.0100	2 440	689	792	3 921	3 953	0	0	-32	-32
Nigeria	0.0591	34 461	3 884	4 664	43 009	5 277	29 184	3 884	4 664	37 732
Niue[c]	0.0100	0	0	196	196	0	0	0	196	196
Norway	0.9558	362 584	66 501	75 783	504 868	510 996	0	0	-6 128	-6 128

States Parties	2006 scale of assessments (percentage)	Contributions assessed: Previous years (1996-2004)	Last year 2005	Current year 2006	Total	Collections	Contributions outstanding: Previous years (1996-2004)	Last year (2005)	Current year[b] (2006)	Total outstanding
Oman	0.0985	31 341	6 913	7 820	46 074	46 200	0	0	-126	-126
Pakistan	0.0774	33 462	5 297	6 126	44 885	38 759	0	0	6 126	6 126
Palau	0.0100	3 365	689	792	4 846	3 320	45	689	792	1 526
Panama	0.0267	8 687	1 863	2 121	12 662	13 183	0	0	-521	-521
Papua New Guinea	0.0100	4 094	689	792	5 575	2 086	2 008	689	792	3 489
Paraguay	0.0169	8 350	1 127	1 333	10 810	1 703	6 647	1 127	1 333	9 107
Philippines	0.1337	49 883	9 201	10 588	69 672	66 176	0	0	3 496	3 496
Poland	0.6490	125 439	46 157	51 636	223 232	221 689	0	1 543	-0	1 543
Portugal	0.6616	225 577	45 874	52 435	323 886	323 897	0	0	-11	-11
Qatar	0.0901	5 275	6 559	7 184	19 018	19 021	0	0	-3	-3
Republic of Korea	2.5283	748 675	174 384	200 240	1 123 299	1 123 346	0	0	-47	-47
Romania	0.0845	40 340	5 864	6 694	52 898	59 849	0	0	-6 951	-6 951
Russian Federation	1.5485	935 684	106 148	122 557	1 164 389	1 223 614	0	0	-59 225	-59 225
Saint Kitts and Nevis	0.0100	3 472	689	792	4 953	3 772	389	0	792	1 181
Saint Lucia	0.0100	3 472	689	792	4 953	5 753	0	0	-800	-800
Saint Vincent and the Grenadines	0.0100	3 472	689	792	4 953	3 254	218	689	792	1 699
Samoa	0.0100	3 472	689	792	4 953	5 772	0	0	-819	-819
Sao Tome and Principe	0.0100	3 472	689	792	4 953	0	3 472	689	792	4 953
Saudi Arabia	1.0037	342 995	71 168	79 764	493 927	493 946	0	0	-19	-19
Senegal	0.0100	4 154	689	792	5 635	4 600	0	243	792	1 035
Serbia	0.0267	22 463	1 841	2 118	26 422	0	22 463	1 841	2 118	26 422
Seychelles	0.0100	3 607	689	792	5 088	0	3 607	689	792	5 088
Sierra Leone	0.0100	3 472	689	792	4 953	454	3 018	689	792	4 499
Singapore	0.5462	147 775	37 748	43 270	228 793	273 678	0	0	-44 885	-44 885

States Parties	2006 scale of assessments (percentage)	Contributions assessed: Previous years (1996-2004)	Contributions assessed: Last year 2005	Contributions assessed: Current year 2006	Contributions assessed: Total	Collections	Contributions outstanding: Previous years (1996-2004)	Contributions outstanding: Last year (2005)	Contributions outstanding: Current year[b] (2006)	Contributions outstanding: Total outstanding
Slovakia	0.0718	27 253	5 056	5 701	38 010	44 540	0	0	-6 530	-6 530
Slovenia	0.1154	40 767	8 003	9 149	57 919	58 189	0	0	-270	-270
Solomon Islands	0.0100	3 077	689	792	4 558	0	3 077	689	792	4 558
Somalia	0.0100	3 472	689	792	4 953	0	3 472	689	792	4 953
South Africa	0.4111	200 298	27 204	32 396	259 898	241 168	0	0	18 730	18 730
Spain	3.5475	1 426 188	245 524	281 079	1 952 791	1 970 439	0	0	-17 648	-17 648
Sri Lanka	0.0239	7 822	1 668	1 898	11 388	11 341	0	0	47	47
Sudan	0.0113	4 503	787	894	6 184	962	3 541	787	894	5 222
Suriname	0.0100	2 999	689	792	4 480	4 480	0	0	0	0
Sweden	1.4049	636 478	96 921	111 272	844 671	848 495	0	0	-3 824	-3 824
The former Yugoslav Republic of Macedonia	0.0100	3 946	689	792	5 427	3 945	1	689	792	1 482
Togo	0.0100	3 539	689	792	5 020	0	3 539	689	792	5 020
Tonga	0.0100	3 472	689	792	4 953	3 566	0	595	792	1 387
Trinidad and Tobago	0.0310	10 730	2 209	2 463	15 402	14 319	0	0	1 083	1 083
Tunisia	0.0450	17 169	3 135	3 571	23 875	16 709	460	3 135	3 571	7 166
Tuvalu	0.0100	1 120	689	792	2 601	1 186	0	623	792	1 415
Uganda	0.0100	3 880	689	792	5 361	0	3 880	689	792	5 361
Ukraine	0.0549	52 216	3 652	4 330	60 198	60 196	0	0	2	2
United Kingdom	8.6251	2 826 759	603 277	684 283	4 114 319	4 089 963	0	0	24 356	24 356
United Republic of Tanzania	0.0100	3 812	689	792	5 293	6 104	0	0	-811	-811
Uruguay	0.0676	34 327	4 331	5 305	43 963	4 796	29 531	4 331	5 305	39 167
Vanuatu	0.0100	2 613	689	792	4 094	589	2 024	689	792	3 505
Viet Nam	0.0296	6 194	2 117	2 354	10 665	13 123	0	0	-2 458	-2 458
Yemen	0.0100	5 264	689	792	6 745	6 003	0	0	742	742

States Parties	2006 scale of assessments (percentage)	Contributions assessed: Previous years (1996-2004)	Contributions assessed: Last year 2005	Contributions assessed: Current year 2006	Contributions assessed: Total	Collections	Contributions outstanding: Previous years (1996-2004)	Contributions outstanding: Last year (2005)	Contributions outstanding: Current year[b] (2006)	Contributions outstanding: Total outstanding
Zambia	0.0100	3 671	689	792	5 152	0	3 671	689	792	5 152
Zimbabwe	0.0100	5 139	682	791	6 612	2 532	2 607	682	791	4 080
Total	**100.00**	**39 829 223**	**6 960 695**	**7 998 252**	54 788 170	**54 215 869**	**982 963**	**344 362**	**525 207**	**1 852 532**

[a] Total subject to rounding differences.
[b] Negative figures indicate credits being carried forward towards 2007 (€1,280,226).
[c] Not a member of the United Nations, assessed with the floor rate.
[d] Agreed contributions in accordance with the Financial Regulations of the Tribunal. For period 2005 to 2006, see SPLOS/117.

Appendix VI[a]

General engagement terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms] as of 1 January 2002

1. Scope

1. These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

2. If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

1. Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services — not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäBlger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

2. The application of foreign law requires — except for financial attestation engagements — an express written agreement.

3. The engagement does not extend — to the extent it is not directed thereto — to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determinations as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

4. If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

1. The client must ensure that the Wirtschaftsprüfer — even without his special request — is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be

[a] This is an English translation of the German text, which is the sole authoritative version. Translators notes are in square brackets.

significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

2. Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations — especially quantity and cost computations — prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

1. The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

2. The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

1. Where there are deficiencies, the client is entitled to subsequent fulfilment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfil [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned fund under public law or a special government-owned legal person under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfil [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

2. The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

3. Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected — and also be applicable versus third parties — by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw — also versus third parties — such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

1. *The liability limitation of § ["Article"] 323 (2)["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.*

2. *Liability for negligence; An individual case of damages*

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) No. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of *any* kind — except for damages resulting from injury to life, body or health — for an individual case of damages resulting from negligence is limited to €4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to €5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

3. *Preclusive deadlines*

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim — at the very latest, however, within five years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six-month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

1. A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

2. If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

3. The client has a right to 5 copies of long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

1. When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client — especially numerical disclosures — are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

2. The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer on a timely basis, all supporting documents and records — especially tax assessments — material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

3. In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

(a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client

(b) examination of tax assessments in relation to the taxes mentioned in (a)

(c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

(d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)

(e) participation in einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the aforementioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

4. If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements, the work mentioned under paragraph 3 (d) and (e) will be charged separately.

5. Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

(a) the treatment of non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax

(b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and

(c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

6. To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

1. Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

2. The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

3. The Wirtschaftsprüfer is entitled — within the purposes stipulated by the client — to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

1. In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

2. Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

1. The Wirtschaftsprüfer retains, for seven years, the supporting documents and records in connection with the completion of the engagement — that had been provided to him and that he has prepared himself — as well as the correspondence with respect to the engagement.

2. After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

Special conditions for the increase of the liability under the general engagement terms as of 1 January 2002

The amounts of €4 million and €5 million, respectively, as provided for in No. 9, paragraph 2 of the General Engagement Terms are uniformly substituted by the amount of €5 million.

If, in the client's opinion, the foreseeable contractual risk will be considerably higher than €5 million, BDO Deutsche Warentreuhand Aktiengesellschaft will agree, at the client's request, to offer to the client an increased liability limit if and to the extent the liability insurance for the increased amount can be obtained from a German professional liability insurer. Upon the agreement of an increased liability limit, BDO Deutsche Warentreuhand Aktiengesellschaft is entitled to allow for the premium expense when determining the amount of its fees.

The above-mentioned provisions are not applicable when a greater or lesser liability limit has been provided by law for the respective professional service, particularly in connection with a statutory audit. In such a case the statutory liability regulations continue to be applicable.

If various causes of damage occur, BDO Deutsche Warentreuhand Aktiengesellschaft is liable within the scope of the increased liability limit only to the extent that causation can be attributed to BDO Deutsche Warentreuhand Aktiengesellschaft or its employees in relation to other causes relevant to the damage. This applies in particular in the case of a joint assignment with other auditors. If, as agreed by the client, a third party is engaged for the execution of an assignment BDO Deutsche Warentreuhand Aktiengesellschaft will only be liable for negligence in connection with the selection of that third party.

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft